

## PROGRAM VII: INS., RESERVES & MISCELLANEOUS

### SUMMARY OF APPROPRIATIONS AND REVENUES

Agency	Agency Name	FY 2004 - 2005 Appropriations	FY 2004 - 2005 Revenue	FY 2004 - 2005 Net County Cost
004	Miscellaneous	189,884,404	199,146,417	(9,262,013)
056	Employee Benefits	8,397,794	4,822,245	3,575,549
099	Provision for Contingencies	5,000,000	0	5,000,000
	GENERAL FUND TOTAL	203,282,198	203,968,662	(686,464)
13A	Litigation Reserve - Escrow Agent FTCL	186,030	186,030	0
145	Revenue Neutrality	12,436,545	12,436,545	0
14A	Option B Pool Participants Registered Warrants	917,513	917,513	0
14C	Class B-27 Registered Warrants	102,175	102,175	0
14F	Deferred Compensation Reimbursement (HR)	7,235,142	7,235,142	0
14X	Tobacco Settlement	1,281,034	1,281,034	0
14Y	Indemnification Reserve	20,092	20,092	0
14Z	Litigation Reserve	3,633,589	3,633,589	0
15S	Designated Special Revenue	26,618,428	26,618,428	0
15Z	Plan of Adjustment Available Cash	6,361,020	6,361,020	0
289	Information & Technology Internal Service Fund	54,339,116	54,339,116	0
291	Unemployment Internal Service Fund	10,866,382	10,866,382	0
292	County Indemnity Health Internal Service Fund	76,252,143	76,252,143	0
293	Workers' Compensation Internal Service Fund	47,793,602	47,793,602	0
294	Property and Casualty Risk Internal Service Fund	35,005,848	35,005,848	0
295	Retiree Medical Internal Service Fund	56,553,215	56,553,215	0
296	Transportation Internal Service Fund	24,611,671	24,611,671	0
297	Reprographics Internal Service Fund	5,281,530	5,281,530	0
298	Self-Insured Benefits Internal Service Fund	6,999,854	6,999,854	0
	NON-GENERAL FUND TOTAL	376,494,929	376,494,929	0
	TOTAL INS., RESERVES & MISCELLANEOUS	579,777,127	580,463,591	(686,464)

## 004 - MISCELLANEOUS

### Operational Summary

#### Description:

This budget unit is a compilation of miscellaneous General Fund activities that includes: Required contributions to the Orange County Employees Retirement System (OCERS), General Fund transfer to Internal Service Funds for purchase of new equipment exceeding accumulated depreciation, General Fund reserves related to the County's Strategic Financial Plan, General Fund retirement contribution reimbursement from County departments and County General overhead recovery from other funds (CWCAP).

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	127,639,982
Total Final FY 2004-2005 Budget:	189,884,404
Percent of County General Fund:	7.65%
Total Employees:	0.00

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The FY 2004-05 budget includes \$2.1 million to be transferred to Fund 15L - 800MHz Countywide Coordinated Communications System, for site construction/development.

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	119,308,381	163,270,088	158,179,855	199,146,417	40,966,562	25.90
Total Requirements	109,588,221	163,547,215	127,639,982	189,884,404	62,244,422	48.77
Net County Cost	(9,720,159)	277,127	(30,539,873)	(9,262,013)	21,277,860	-69.67

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Miscellaneous in the Appendix on page 439.

## 056 - EMPLOYEE BENEFITS

### Operational Summary

#### Description:

Employee Benefits administers a wide variety of self-funded benefits and group insurance plans for County employees and retirees.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	4,450,654
Total Final FY 2004-2005 Budget:	8,397,794
Percent of County General Fund:	0.34%
Total Employees:	11.00

#### Strategic Goals:

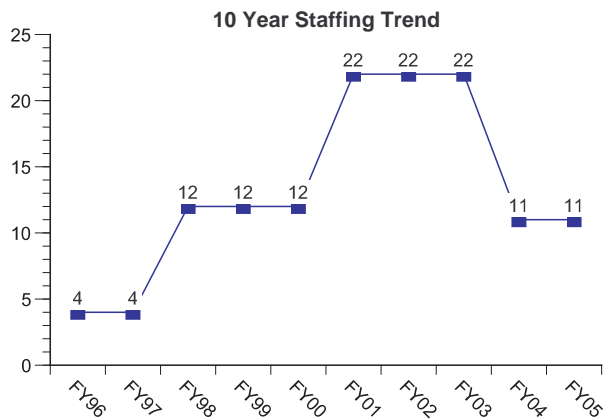
- The Employee Benefits department supports Board of Supervisor adopted strategic priorities as they relate to the implementation and administration of employee benefits.

#### FY 2003-2004 Key Project Accomplishments:

- During FY 03-04, the administration of the Extra Help Employees Defined Benefit Retirement Plan was transitioned to Employee Benefits. This Plan was previously administered by the Treasurer-Tax Collector and has been transitioned to Employee Benefits with no additional staffing or funding to administer this Plan within the Employee Benefits budget. Employee Benefits absorbed the cost of administering this plan as well as the projected increases in contract costs related to several RFP's in process, with existing revenue and one time savings and with the exception of negotiated increases in OBP costs have stayed within our original NCC target for FY 04/05. The efficiency with which we have been able to accomplish this is partially related to the implementation of the County of Orange Benefits Center Web Site and Benefits Resource Line.
- The implementation of the County of Orange Benefits Center Web Site and Benefits Resource Line on 1/1/03 has transformed time-consuming, routine benefits enrollment activities into efficient automated online processes.
- The Benefits Center utilizes state-of-the-art technologies through the Web Site and Benefits Resource Line that allows employees and retirees to have access to their personalized benefits information 24 hours a day, 7 days a week and to input their own benefit enrollment selections into a database that will apply established rules of enrollment and eligibility. All technology enhancements and updates are the responsibility of the Benefits Center Administrator and not the County of Orange. In addition, the Benefits Center provides a single point of contact for all employee/retiree health and insurance programs. It provides a professional Benefits Resource Line with knowledgeable Benefits Specialists to assist all employees and retirees with their health and insurance programs, thereby, improving the quality of customer service, access, and accuracy of information.
- Finally, the administration of the Employee Health Care Reimbursement Account, implemented on January 1, 2002, is now included in the County of Orange Benefits Center resulting in \$98,093 in General Fund savings. The Operating Transfer into ISF 298 from Misc. General Funds in the amount of \$98,093 will no longer be required, reducing our NCC needs by \$98,093 per year.

**EMPLOYEE BENEFITS** - Employee Benefits administers a wide variety of self-funded benefits and group insurance plans for County employees and retirees.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Employee Benefits implemented the County of Orange Benefits Center on January 1, 2003. The Benefits Center allows employees and retirees to access their benefits information via the Web Site and/or Benefits Center's Toll-Free Resource Line resulting in streamlined administration and enrollment of the Employee Benefits functions. As a result, 10 positions were deleted in the FY 03-04 budget.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

### Changes Included in the Base Budget:

The projected FY 04-05 Net County Cost (NCC) of Agency 056 is projected to be higher than the FY 03-04 adopted budget by \$551,191 or 18% due to increases in the Optional Benefit Plan costs and anticipated increases in Professional Services contract costs following two RFP processes which are currently underway.

Two of the major objects in Agency 056 are Professional Services-Object 1900 and Optional Benefit Plan (OBP)-Object 2405. The combined requested budgets for these two accounts are more than 80% of the total budget. The professional services contracts for the Employee Assistance Program (EAP) and the administration of the Extra Help Defined Benefit Retirement Plan are expiring on 6/30/04 and the Request for Proposal (RFP) process is currently underway to solicit proposals for the new contract period. The FY 04-05 budgets for these two contracts were based on our best estimate of the new contract costs for these services. However, if contract costs are higher once proposals are received and a vendor selected, additional appropriations and a Net County Cost (NCC) increase will be needed.

As for the Optional Benefit Plan expenses, the increase in cost from prior fiscal years is due to the increase in annual OBP benefit amounts based upon new contracts negotiated with the Attorney Unit and the Orange County Management Association (OCMA). Note that the requested budget for OBP-Object 2405 is based on the current number of eligible positions and current OBP benefit amounts. The cost of any additional changes in negotiated OBP benefit amounts or in increase in the number of employees/positions eligible for OBP benefits will have to be funded by additional NCC at that time.

Additionally, the net increase in the OBP benefit cost within 056 based on the contract with OCMA for 2004 is \$135,750. For FY 03-04, this amount will be absorbed within the existing 056 budget by one time savings and current year revenues. However, any future changes in OBP or other benefits as a result of contract negotiations will require an increase in appropriations and Net County Cost, as well as increases in existing Professional Services contract limits, to fund the programming and implementation costs related to making the change with our benefit program vendors.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	11	11	11	0	0.00
Total Revenues	4,203,636	4,386,810	1,866,021	4,822,245	2,956,224	158.42
Total Requirements	6,361,673	7,656,415	4,502,999	8,397,794	3,894,795	86.49
Net County Cost	2,158,037	3,269,605	2,636,978	3,575,549	938,571	35.59

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Employee Benefits in the Appendix on page 480.

## 099 - PROVISION FOR CONTINGENCIES

### Operational Summary

#### Description:

Provide for unexpected expenditures that result from natural catastrophes, major economic downturn etc.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	0
Total Final FY 2004-2005 Budget:	5,000,000
Percent of County General Fund:	0.20%
Total Employees:	0.00

#### Strategic Goals:

- In FY 2004-2005, total provision for contingencies will be \$23 million; \$5 million in appropriations and \$18 million held in reserve.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Provide an appropriation reserve for unexpected expenditures, e.g., as a result of natural catastrophes.

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Requirements	0	27,916,853	0	5,000,000	5,000,000	0.00
Net County Cost	0	27,916,853	0	5,000,000	5,000,000	0.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Provision for Contingencies in the Appendix on page 511.

## 100 - GENERAL FUND

### Operational Summary

#### Description:

\* Support the Activities of the General Fund.

Beginning in 1998-99 funds have been reserved for Strategic Priorities approved in the various Strategic Financial Plans. The reserve is increased when the Board of Supervisors allocates Fund Balance Available and decreased when the reserve is reduced, as planned, to fund implementation of strategic priorities.

The Strategic Priority reserve currently has a balance of approximately \$90.5 million. For FY 2004-05, anticipated reserve uses include \$4.0 million reserved for a potential penalty assessment from the State of California associated with the Department of Child Support Services coordinated automation project, \$2.4 million for specific General Fund capital projects and \$0.5 million for a three-way land exchange with the U.S. Forrest Service, County Harbors Beaches and Parks and the Probation Department to purchase the land on which the Los Pinos Conservation Camp is located.

#### Strategic Goals:

- Funds the Net County Cost of strategic priorities identified in the various Strategic Financial Plans.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Strategic Priority reserve will be drawn down as needed to provide general purpose funding for the County's Strategic Priorities.

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	1,138,445	0	0	0	0	0.00
Net County Cost	(1,138,445)	0	0	0	0	0.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: General Fund in the Appendix on page 512.

## Budget Units Under Agency Control

No.	Agency Name	County General Fund Reserve	County General Fund	Total
100	General Fund	0	0	0
	Total	0	0	0



## 13A - LITIGATION RESERVE - ESCROW AGENT FTCl

### Operational Summary

#### Description:

To pay future expenses, fees and other charges incurred by the Representative's Escrow Agent (under the County's Bankruptcy Plan of Adjustment), the Fiduciary Trust Company International, as required by court order for the distribution of bankruptcy related litigation proceeds.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	189
Total Final FY 2004-2005 Budget:	186,030
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	181,405	186,680	183,416	186,030	2,614	1.43
Total Requirements	225	186,680	189	186,030	185,841	98,542.56
FBA	181,180	0	183,227	0	(183,227)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Litigation Reserve - Escrow Agent FTCl in the Appendix on page 542.

## 145 - REVENUE NEUTRALITY

### Operational Summary

#### Description:

On June 29, 2001 the Auditor-Controller established Fund 252 - Revenue Neutrality Trust Fund to record payments from cities pursuant to existing and future incorporation agreements. On November 5, 2002, the Board of Supervisors directed the Auditor-Controller to: establish Fund 145 - Revenue Neutrality Fund; transfer the remaining cash balance

from Fund 252 to Fund 145; and to close Fund 252. The new fund was established to fulfill new GASB requirements regarding proper categorization of trust funds. This reserve serves as an endowment to the General Fund with interest credited annually in arrears.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	40,972
Total Final FY 2004-2005 Budget:	12,436,545
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	4,976,313	8,594,448	8,699,440	12,436,545	3,737,105	42.96
Total Requirements	4,427	8,594,448	40,972	12,436,545	12,395,573	30,253.77
FBA	4,971,885	0	8,658,468	0	(8,658,468)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Revenue Neutrality in the Appendix on page 554.

# 14A - OPTION B POOL PARTICIPANTS REGISTERED WARRANTS

## Operational Summary

### Description:

This fund records available revenues and payments to the Option "B" pool participants for registered warrants issued to them under the Option B pool participant agreement.

**OPTION B REGISTERED WARRANTS** - This fund records available revenues and payments to the Option "B" pool participants for registered warrants issued under the Option "B" pool participant agreement.

## Budget Summary

### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	956,044
Total Final FY 2004-2005 Budget:	917,513
Percent of County General Fund:	N/A
Total Employees:	0.00

### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	1,020,875	969,076	969,419	917,513	(51,906)	-5.35
Total Requirements	1,008,049	969,076	956,044	917,513	(38,531)	-4.03
FBA	12,826	0	13,375	0	(13,375)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Option B Pool Participants Registered Warrants in the Appendix on page 557.

## 14C - CLASS B-27 REGISTERED WARRANTS

### Operational Summary

#### Description:

Certain tort claims which existed prior to the County's filing for Chapter 9 Bankruptcy Protection in December 1994 are classified as "B27 Claims". This fund records available revenues and payments for Class B27 claims as required under the County's Second Amended Modified Plan of Adjustment (Bankruptcy Recovery Plan).

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	0
Total Final FY 2004-2005 Budget:	102,175
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	2,123	252,150	2,146	102,175	100,029	4,660.58
Total Requirements	3	252,150	0	102,175	102,175	-
						26,888,257.89
FBA	2,120	0	2,147	0	(2,147)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Class B-27 Registered Warrants in the Appendix on page 559.

## 14F - DEFERRED COMPENSATION REIMBURSEMENT (HR)

### Operational Summary

#### Description:

The Deferred Compensation Reimbursement Fund was established to make payments pursuant to the Fixed Fund Retirement contract with Nationwide Life Insurance Company.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	334,324
Total Final FY 2004-2005 Budget:	7,235,142
Percent of County General Fund:	N/A
Total Employees:	0.00

#### FY 2003-2004 Key Project Accomplishments:

- The funding for Contingent Deferred Sales Charges is lower based on current experience. This is due to the reduction in interest rates for Contingent Deferred Sales Charges over time. These charges will be eliminated entirely starting in 09/30/06, followed only by potential penalties that may be assessed for final fund transfers at this time (Market Value Adjustments). Note that the current budget projections are based upon the current fund balance, interest revenue, and expenses. In the event that changes are made to the fund balance, the impact on the budget will need to be determined at that time, and modifications to the budget submitted as appropriate.

**DEFERRED COMP REIMBURSEMENT** - The Deferred Compensation Reimbursement Fund was established to make payments pursuant to the Fixed Fund Retirement contract with Nationwide Life Insurance Company.

#### Changes Included in the Base Budget:

The funding for Contingent Deferred Sales Charges is lower based on current experience. This is due to the reduction in interest rates for Contingent Deferred Sales Charges over time. These charges will be eliminated entirely starting in 09/30/06, followed only by potential penalties that may be assessed for final fund transfers at this time (Market Value Adjustments).

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

The current budget projections are based upon the current fund balance, interest revenue, and expenses. In the event that changes are made to the fund balance, the impact on the budget will need to be determined at that time, and modifications to the budget submitted as appropriate.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	7,742,652	7,459,053	7,394,689	7,235,142	(159,547)	-2.16
Total Requirements	376,455	7,459,053	273,062	7,235,142	6,962,080	2,549.63
FBA	7,366,197	0	7,121,627	0	(7,121,627)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Deferred Compensation Reimbursement (HR) in the Appendix on page 562.

## Highlights of Key Trends:

- The funding for Contingent Deferred Sales Charges is lower based on current experience. This is due to the reduction in interest rates for Contingent Deferred Sales Charges over time. These charges will be eliminated entirely starting in 09/30/06, followed only by potential penalties that may be assessed for final fund transfers at this time (Market Value Adjustments).
- The current budget projections are based upon the current fund balance, interest revenue, and expenses. In the event that changes are made to the fund balance, the impact on the budget will need to be determined at that time, and modifications to the budget submitted as appropriate.

## 14X - TOBACCO SETTLEMENT

### Operational Summary

#### Description:

To budget for Board approved uses of the County's share of the national tobacco settlement received before July 1, 2001. On November 7, 2000, the voters of Orange County overwhelmingly approved Measure "H". Measure "H" approved an ordinance that restricts the use of Tobacco Settlement Revenue (TSR) received after July 1, 2001. (see Fund 13N)

The FY 2004-2005 budget for this fund reflects the carryover of unspent funds allocated by Board action on December 5, 2000. The Board allocated FY 2000-2001 TSR, \$28.4 million, as follows: 50% for health care initiatives including \$1.2 million for an ocean water quality monitoring lab and the

remaining 50% allocated as follows: \$5.4 million for the Phase III Theo Lacy Branch Jail expansion, \$1.3 million to reimburse the County General Fund for a 60 bed secured substance abuse rehabilitation pilot program at the Theo Lacy Branch Jail and \$7.5 million for debt reduction.

Still unspent is the allocation of \$1.2 million for a Water Quality Lab for Health Care Agency. In FY 2003-04, the HCA administered contractor for the Sheriff's In-Custody program refunded \$839,236 unused deposit, which will be used for the In-Custody program in FY 2005-06 along with any further refund or interest from the contractor.

When the carryover from FY 2003-2004, about \$1.2 million is expended, this fund will be closed out.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	1,083
Total Final FY 2004-2005 Budget:	1,281,034
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Strategic Goals:

- To use Tobacco Settlement Revenue (TSR) received in FY 2000-2001 to construct a Water Quality Lab in Upper Newport Bay and complete targeted health care initiatives.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Use the remainder of the Tobacco Settlement Revenue received during FY 2000-2001 for the construction of the Water Quality Lab.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	3,034,486	1,279,409	2,118,965	1,281,034	(837,931)	-39.54
Total Requirements	1,770,452	1,279,409	1,083	1,281,034	1,279,951	118,172.58
FBA	1,264,034	0	2,117,882	0	(2,117,882)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Tobacco Settlement in the Appendix on page 572.



## 14Y - INDEMNIFICATION RESERVE

### Operational Summary

#### Description:

To provide for indemnification of the Representative and others under the County's Second Amended Modified Plan of Adjustment (Bankruptcy Recovery Plan) as required by court order for the distribution of bankruptcy related litigation proceeds. If funds remain at the end of FY 2009-2010, balances will be distributed by the County in accordance with the Bankruptcy Recovery Plan.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	1,171
Total Final FY 2004-2005 Budget:	20,092
Percent of County General Fund:	N/A
Total Employees:	0.00

**INDEMNIFICATION RESERVE** - The Indemnification Reserve Fund was established to provide for indemnification of the Representative and others under the County's Second Amended Modified Plan of Adjustment as required by court order.

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	1,126,224	1,141,329	1,138,708	20,092	(1,118,616)	-98.24
Total Requirements	1,394	1,141,329	1,136,908	20,092	(1,116,816)	-98.23
FBA	1,124,829	0	1,800	0	(1,800)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Indemnification Reserve in the Appendix on page 573.

## 14Z - LITIGATION RESERVE

### Operational Summary

#### Description:

To provide a reserve for potential litigation costs incurred by the Representative under the County's Bankruptcy Plan of Adjustment (Bankruptcy Recovery Plan) as required by court order for the distribution of bankruptcy related litigation proceeds. If funds remain at the end of FY 2009-2010, balances will be distributed by the County in accordance with the Bankruptcy Recovery Plan.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	3,642
Total Final FY 2004-2005 Budget:	3,633,589
Percent of County General Fund:	N/A
Total Employees:	0.00

**LITIGATION RESERVE** - The Litigation Reserve Fund was established to provide a reserve for potential litigation costs incurred by the Representative under the County's Bankruptcy Plan of Adjustment as required by court order.

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	3,371,625	3,417,283	3,609,685	3,633,589	23,904	0.66
Total Requirements	4,342	3,417,283	3,642	3,633,589	3,629,947	99,662.76
FBA	3,367,283	0	3,606,042	0	(3,606,042)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Litigation Reserve in the Appendix on page 574.

## 15S - DESIGNATED SPECIAL REVENUE

### Operational Summary

#### Description:

To provide cash for intra/inter fund cashflow loans and to fund strategic priorities identified in the County's Strategic Financial Plan.

On May 12, 1998, the Board approved the strategy in the 1998 Strategic Financial Plan which programmed the use of cash in this fund to pay for one-time costs such as jail construction. When the cash in this fund is insufficient for cashflow loans, another source (e.g., short term market borrowing) will be developed. As with any long-term plan, the Board could re-program the funding toward different uses should priorities change or if funding is needed to address other financial issues.

Available in the FY 2004-2005 budget are appropriations for projects to remedy deferred maintenance and Americans with Disabilities Act deficiencies, and a new regional animal care facility.

On February 26, 2002, the Board of Supervisors authorized a transfer of \$25,259,480 from this fund to 15C, for the construction of Theo Lacy Jail Expansion Building "b". Reimbursement from the Public Safety share of the Tobacco Settlement revenue over the next 5 years are programmed into the budget. For further information, see Fund 15C in Program V.

A portion of the appropriations for projects to remedy deferred maintenance and Americans with Disabilities Act deficiencies are carried over from FY 2003-2004.

There is sufficient cash projected to be available in this fund during FY 2004-2005 to make necessary cashflow loans, however as a back up, the Auditor-Controller has identified additional sources for cashflow loans in FY 2004-2005.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	32,378,444
Total Final FY 2004-2005 Budget:	26,618,428
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Strategic Goals:

- Provide a source of funding for specific strategic priorities identified by the Board in the 1998 Strategic Financial Plan, confirmed in subsequent plan updates and committed to in annual County budgets.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Money in this fund is programmed for use for strategic priorities as originally identified in the 1998 Strategic Financial Plan. The Board reviews the strategic priorities on an annual basis and may reallocate funding to meet current needs during the budget process.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	46,979,931	51,270,579	53,770,579	26,618,428	(27,152,151)	-50.50
Total Requirements	7,809,587	50,670,579	32,378,444	26,618,428	(5,760,016)	-17.79
FBA	39,170,344	600,000	21,392,135	0	(21,392,135)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Designated Special Revenue in the Appendix on page 588.

## 15Z - PLAN OF ADJUSTMENT AVAILABLE CASH

### Operational Summary

#### Description:

This fund records the use of the annual excess of diverted revenues needed to meet the debt service requirements of the 1996 Recovery Certificates of Participation (see Fund 100, Agency 016) and the annual obligation to issue County Warrants to Option B Pool Participants (see Fund 14A). The money in this fund is used to amortize bankruptcy related losses to County Administered Accounts in accordance with the Second Amended Modified Plan of Adjustment.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	4,686,627
Total Final FY 2004-2005 Budget:	6,361,020
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	7,730,835	9,091,381	9,088,717	6,361,020	(2,727,697)	-30.01
Total Requirements	3,045,735	9,091,381	4,686,627	6,361,020	1,674,393	35.73
FBAFBA	4,685,101	0	4,402,090	0	(4,402,090)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Plan of Adjustment Available Cash in the Appendix on page 591.

## 289 - INFORMATION & TECHNOLOGY INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The mission of the Information and Technology (IT) Internal Service Fund is to provide leadership to develop the County's data, network and telecommunications infrastructures, IT Policy, and IT standards. CEO/Information and Technology also provides telecommunication and data services to County Agencies and Departments and manages the Enterprise Data Center. CEO/Information and Technology is funded by charges to customers who use data and telephone services.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	45,386,916
Total Final FY 2004-2005 Budget:	54,339,116
Percent of County General Fund:	N/A
Total Employees:	60.00

#### Strategic Goals:

- The goals for CEO/Information and Technology for FY 2004-2005 are to: 1)Continue to review Countywide IT services and implement recommended changes to provide cost savings to County Agencies and Departments and to reduce duplication of effort; 2) Provide oversight and manage the County data and telecommunications ACS outsourcing contract; and 3)Implement and achieve customer service focused improvements and measurable results.

#### FY 2003-2004 Key Project Accomplishments:

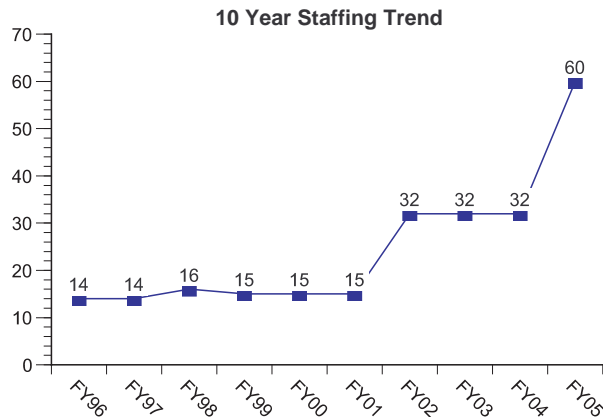
- Implemented network security tools to contain virus outbreaks and increase the security of the enterprise network
- Implemented Level 1 Spam Blocker for the enterprise network
- Continued ongoing audit of County's voice and data circuits with a cost savings to date of \$150,000
- Completed move to St. Andrews location and lease of the Enterprise Data Center Space which resulted in \$1,500,000 in revenues
- Conducted IT Assessments of County Departments and Agencies which resulted in cost savings due to reduction of duplication and streamlining processes (for example, there was a savings of approximately \$1,000,000 from eliminating redundancies in service to Children's Support Services)
- Implemented improved telephone management system
- Transitioned mainframe impact print to mainframe laser print

**INFORMATION & TECHNOLOGY ISF** - The Information and Technology Internal Service Fund is responsible for overseeing and coordinating efforts for the provision of an overall Countywide information technology infrastructure. The department is

responsible for the County Telephone System (OCT-

NET), coordination of other voice services such as voice mail, as well as data services such as the operation of the County Data Center, applications services and network services. The department directs and manages enterprise data services which are provided through an information and technology contract with Affiliated Computer Services and their subcontractor, SBC Communications.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Staffing for Fiscal Year 2004-2005 will increase from 50 to 60 positions. This increase reflects an ongoing effort to centralize enterprise wide functions in Fund 289. The goal of the centralization is to decrease cost and lower redundancy of efforts. The added positions during this fiscal year will provide imaging services to County Agencies and Departments at a lower cost than they were previously provided through an outsourced contract.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

CEO/IT is planning for the support of development, enhancement and improvement of County enterprise systems such as the County Accounting and Personnel System, ebusiness systems, County Internet Web sites, Onbase ERMI (online imaging system), the County of Orange Intranet site and the County wide area network. CEO/IT will participate in planning for the replacement of the County Accounting and Personnel System by identifying requirements, preparing the statement of work and RFP, and evaluating vendor bid responses.

CEO/IT is working to improve the customer billing process. CEO/IT is leading the planning for potential replacement of the IBM Mainframe.

CEO/IT is continuing an audit of all data and telephone lines to eliminate redundancies and identify cost savings

### Changes Included in the Base Budget:

Transferred 10 positions from CEO-IT starting FY 04-05 to support online imaging of documents for County agencies and departments to provide better access to information and reduce the time it takes to obtain needed documents.

Added 18 positions in the 1st Quarter to provide information technology support to the Department of Child Support Services to streamline services.

Increased revenues for the lease of the Data Center from \$1,500,000 to \$2,000,000.

## Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
<b>Add Temporary Help Funding (FY 04-05)</b> <b>Amount: \$ 296,000</b>	Add temporary help dollars for increasing requests for document scanning.	Monthly review to compare revenue to cost of imaging program to ensure 100% cost recovery.	289-92

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	32	50	60	10	20.00
Total Revenues	49,002,078	52,515,837	46,051,733	54,339,116	8,287,383	18.00
Total Requirements	42,416,570	54,179,216	44,893,409	54,339,116	9,445,707	21.04
Net County Cost	6,585,508	(1,663,379)	1,158,324	0	(1,158,324)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Information & Technology Internal Service Fund in the Appendix on page 610.

## Highlights of Key Trends:

- Consolidation of services and elimination of redundancies by centralizing Countywide enterprise efforts
- Savings identified and implemented through audits such as IT Assessments and audits of data and telephone lines. Cost savings obtained through lease of Enterprise Data Center, revenue from outside business and shared resources



## 291 - UNEMPLOYMENT INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Unemployment Internal Service Fund (ISF) provides for self insurance of unemployment claims, administrative fees and related programs associated with the State mandated unemployment insurance program.

#### Strategic Goals:

- Fund 291 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

#### FY 2003-2004 Key Project Accomplishments:

- An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.

**UNEMPLOYMENT ISF** - The Unemployment Insurance Internal Service Fund (ISF) provides for self insurance of unemployment claims, administrative fees and related programs associated with the State mandated unemployment insurance program.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	1,283,702
Total Final FY 2004-2005 Budget:	10,866,382
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

The funding for unemployment claims is higher based on increases in unemployment benefits paid to separated employees. Increases in mandated weekly benefits combined with worsening conditions in the labor market have resulted in increases in unemployment costs. An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	7,156,142	10,572,494	10,646,339	10,866,382	220,043	2.07
Total Requirements	1,452,802	9,666,097	1,307,452	10,866,382	9,558,930	731.11
Net County Cost	5,703,340	906,397	9,338,887	0	(9,338,887)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Unemployment Internal Service Fund in the Appendix on page 614.

## Highlights of Key Trends:

■ The funding for unemployment claims is higher based on increases in unemployment benefits paid to separated employees. Increases in mandated weekly benefits combined with worsening conditions in the labor market have resulted in increases in unemployment costs. An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.

■ A total of \$3,260,154 was transferred during FY 03-04 from the County's Miscellaneous Fund 004 to reimburse Fund 291 for disbursements made during FY 97-98 through FY 01-02 for Human Resources services that were later deemed not appropriate for payment from this fund. However, these charges for Human Resources services are expected to be claimed against those agencies and departments with outside funding sources, and the reimbursed amounts to be re-deposited into the General Fund.

## 292 - COUNTY INDEMNITY HEALTH INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the PPO Premier Preferred Choice, Preferred Choice, Premier Wellwise, Wellwise, Premier Sharewell, Sharewell and the Indemnity A health plans.

#### Strategic Goals:

- Fund 292 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

#### FY 2003-2004 Key Project Accomplishments:

- The professional services contract for Medical and Dental Claims Administration is expiring 12/31/04. A Request for Proposal (RFP) process is currently underway to solicit proposals for the new contract period starting 1/1/05.

**CO INDEMNITY HEALTH PLANS ISF** - The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the PPO Premier Preferred Choice, Preferred Choice, Premier Wellwise, Wellwise, Premier Sharewell, Sharewell and the Indemnity A health plans.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	62,397,692
Total Final FY 2004-2005 Budget:	76,252,143
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

For FY 04-05 we budgeted an amount for medical claims run out in the event that a new claims administrator is selected. In addition, start up and new member identification card costs are budgeted for the same reason. These costs are one time costs and are incurred when changing from one vendor to another. In addition, the claims administration and PPO network costs are higher based on our best estimate of the new contract fees using market estimates and review of the prior RFP for the costs associated with the 2nd and 3rd choice vendors. Other potential vendors charge more for PPO network access and administration fees, but have higher PPO claim discounts within their networks. This potential increase in cost if such a vendor is chosen would be offset by an anticipated reduction in medical claims due to the PPO claim discounts. Once a final vendor is selected during the RFP process, any necessary modification to the budget will need to be made at that time.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	56,156,216	68,503,988	65,437,158	76,252,143	10,814,985	16.53
Total Requirements	54,861,521	69,675,437	62,397,692	76,252,143	13,854,451	22.20
Net County Cost	1,294,695	(1,171,449)	3,039,467	0	(3,039,467)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: County Indemnity Health Internal Service Fund in the Appendix on page 615.

## Highlights of Key Trends:

- Medical and Dental inflation (trend) continues to rise causing an increase in medical and prescription claims within the PPO health plans. In addition, the professional services contract for Medical and Dental Claims Administration is expiring 12/31/04 and the Request for Proposal (RFP) process is currently underway to solicit proposals for the new contract period.
- The County cost of the Judges Medical Reimbursement Program continues to increase significantly from year to year as Judges insurance premiums and medical and

prescription costs rise, yet there is no pass through of any of the cost increases to the Judges or the Court. The County cost of this program has increased 149% since FY 01/02 from \$488,750 to \$1,215,771 for FY 04/05. This program, while part of ISF 292, is funded by an Operating Transfer in from General Fund budget 100-081, Trial Courts. The County may want to consider whether this type of escalating expense is appropriate for the agreement and may want to consider transferring all or a portion of this cost directly to the Courts in lieu of a more appropriate fee.

## 293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Workers' Compensation Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	40,338,301
Total Final FY 2004-2005 Budget:	47,793,602
Percent of County General Fund:	N/A
Total Employees:	10.00

#### Strategic Goals:

- It is the goal of the self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy compliments current departmental efforts to reduce the total cost of workers' compensation and liability claims.

#### Key Outcome Indicators:

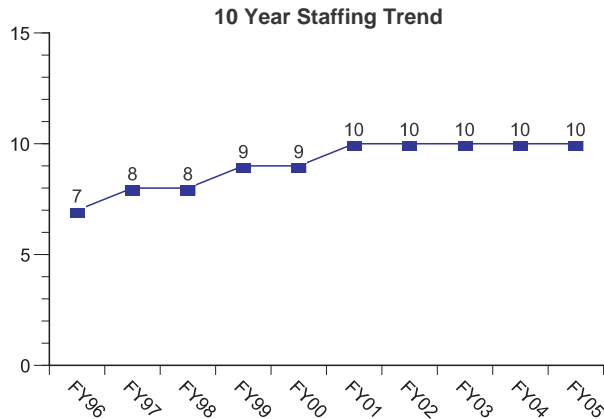
Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
<b>RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM</b> <b>What:</b> Shows the total expenditures of this program as a percent of total county expenditures. <b>Why:</b> Provides a constant measure of costs for all County departments.	The overall cost of this statutory benefit program was less than 1% of total county expenditures (.99%).	Remain less than 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2002-2003 were just under 1% of total county expenditures.

#### FY 2003-2004 Key Project Accomplishments:

- Completed Intranet application for county employee's use, increased use of technology, increased support services to employees, and reduced printing costs. All safety and workers' compensation forms as well as resource guides are now available to staff on-line.
- Active support of Board of Supervisors' efforts for legislative reform of workers' compensation law.
- Charges to county departments for this program were 60% of what comparable commercial insurance coverage would have cost.

**WORKERS' COMPENSATION ISF - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.**

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Overall expansion and increasing claims administration responsibilities of the program required program adjustments and increased technology to meet new challenges with level staffing.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	10	10	10	0	0.00
Total Revenues	35,593,227	42,515,665	40,338,103	47,793,602	7,455,499	18.48
Total Requirements	35,593,227	42,524,515	40,338,103	47,793,602	7,455,499	18.48
Net County Cost	0	(8,850)	0	0	0	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page 617.

### Highlights of Key Trends:

- Employee injury rates (8.2/100) continue to be below those of the average public entity loss history (8.4/100). However, this rate is slowly increasing.
- Costs of workers' compensation are being elevated sharply by legislated rate increases. Without additional legislative reform, this trend will continue.

## 294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	20,545,229
Total Final FY 2004-2005 Budget:	35,005,848
Percent of County General Fund:	N/A
Total Employees:	13.00

#### Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation. This goal is achieved by acquiring commercial insurance, effective liability claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services to all County departments.

#### Key Outcome Indicators:

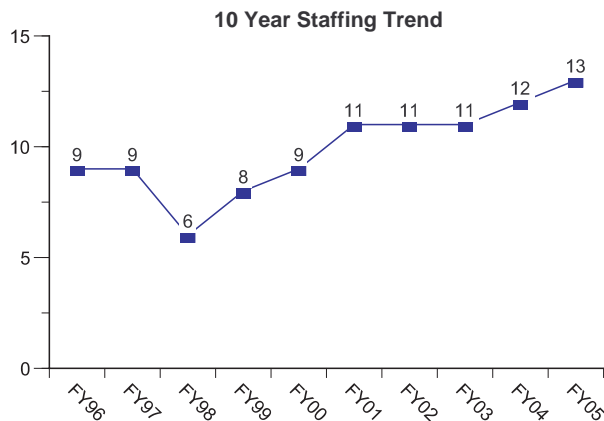
Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
<b>RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM.</b> <b>What:</b> Shows the total expenditures of this program as a percent of total county expenditures. <b>Why:</b> Provides a constant measure of costs for all County departments.	Cost of Liability Claims and Insurance Program was less than 1% of total county expenditures (.36%).	Remain less than 1% of total county expenditures.	Liability Claims and Insurance Program costs for FY 2002-2003 were .36% of total county expenditures, far less than the benchmark.

#### FY 2003-2004 Key Project Accomplishments:

- Completed Intranet application for county employee's use, increased use of technology, increased support services to employees, and reduced printing costs. In particular, the management of insurance applications and loss reports has been simplified.
- Successfully placed all required commercial insurance for diverse and complex county needs.
- Increased insurance consultations and support in contract protections, insurance requirements, and program design to reduce risk of loss and cost.

**PROPERTY & CASUALTY RISK ISF** - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Compliance Program.

## Ten Year Staffing Trend:



## Ten Year Staffing Trend Highlights:

- Increased insurance consultations and support for departments, increased fiscal analysis and reporting, shortened time frames for claim management and increasing responsibilities of the program required additional staff.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	12	13	13	0	0.00
Total Revenues	34,016,473	39,515,074	36,052,309	35,005,848	(1,046,461)	-2.90
Total Requirements	12,873,175	34,930,364	20,546,076	35,005,848	14,459,772	70.38
Net County Cost	21,143,298	4,584,710	15,506,233	0	(15,506,233)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page 620.

## Highlights of Key Trends:

- The budgeted appropriations included retained earnings.
- Complexity and diversity of liability claims continues to increase.
- Continuing increases in commercial insurance premiums.



## 295 - RETIREE MEDICAL INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Retiree Medical Internal Service fund (ISF) provides for retiree health insurance under the retiree medical insurance program.

#### Strategic Goals:

- Fund 295 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

**RETIREE MEDICAL ISF** - The Retiree Medical Internal Service Fund (ISF) provides for benefits under the Retiree Medical Insurance Program. Benefits include a monthly retiree medical grant to be applied to the health premiums of eligible retirees, and a lump sum cash benefit to separated employees not eligible to retire.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted priorities as they relate to the implementation and administration of employee benefits.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	15,351,612
Total Final FY 2004-2005 Budget:	56,553,215
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

The Retiree Medical Insurance Program Grant funding is higher compared to FY 03-04 based on increases in the number of retirees, and increases in the monthly Retiree Medical Grant due to the increase in health plan premiums. This increase is offset by funding from the Retiree Medical Benefit Reserve (RMBR) account per the agreement between the County of Orange and the Orange County Employees Retirement System and the Retiree Medical Insurance Program 1% contribution from employees.

The Retiree Medical Lump Sum Cash Benefit expenses are higher compared to FY 03-04. This was actuarially expected as years pass and salaries for terminating employees now are much higher than they were in 1993 when the program was implemented and employee 1% contributions began.

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	47,443,587	52,311,905	53,910,002	56,553,215	2,643,213	4.90
Total Requirements	13,562,769	50,976,748	15,351,612	56,553,215	41,201,603	268.39
Net County Cost	33,880,818	1,335,157	38,558,390	0	(38,558,390)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Retiree Medical Internal Service Fund in the Appendix on page 623.

## Highlights of Key Trends:

■ The Retiree Medical Insurance Program Grant funding is higher compared to FY 03-04 based on increases in the number of retirees, and increases in the monthly Retiree Medical Grant due to the increase in health plan premiums. This increase is offset by funding from the Retiree Medical Benefit Reserve (RMBR) account per the agreement between the County of Orange and the

Orange County Employees Retirement System and the Retiree Medical Insurance Program 1% contribution from employees.

■ The Retiree Medical Lump Sum Cash Benefit expenses are higher compared to FY 03-04. This was actuarially expected as years pass and salaries for terminating employees now are much higher than they were in 1993 when the program was implemented and employee 1% contributions began.

## 296 - TRANSPORTATION INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The mission of the Transportation ISF is to provide high quality vehicle maintenance and transportation services to user departments in a timely and cost efficient manner.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	18,133,210
Total Final FY 2004-2005 Budget:	24,611,671
Percent of County General Fund:	N/A
Total Employees:	90.00

#### Strategic Goals:

- Support County agencies and operations by operating and maintaining the vehicle fleet.

#### Key Outcome Indicators:

Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
<b>PERFORMANCE INDICATOR FOR TISF: QUANTITATIVE SUPPORT TO COUNTY AGENCIES &amp; OPERATIONS.</b> <b>What:</b> Average percentage of time fleet vehicles are available for use by agencies and departments. <b>Why:</b> Indicates quantitative support to County agencies by operating & maintaining the vehicle fleet.	90%	A 95% average of time fleet vehicles will be available for use by agencies and departments.	On target.
<b>PERFORMANCE INDICATOR FOR TISF: EFFICIENCY OF SUPPORT TO COUNTY AGENCIES &amp; OPERATIONS.</b> <b>What:</b> Total annual cost of the light duty fleet divided by the total miles of light duty fleet use. <b>Why:</b> Indicates efficiency of support to County agencies by operating and maintaining the vehicle fleet.	Study pending.	Study pending.	Study pending.
<b>PERFORMANCE INDICATOR FOR TISF: CUSTOMER SATISFACTION WITH SUPPORT TO COUNTY AGENCIES &amp; OPERATIONS</b> <b>What:</b> Percentage of fleet users rating the quality of the vehicle fleet & service provided. <b>Why:</b> Indicates customer satisfaction with support to County agencies by operating the vehicle fleet.	95%	Business plan target of 95%.	On target.

#### FY 2003-2004 Key Project Accomplishments:

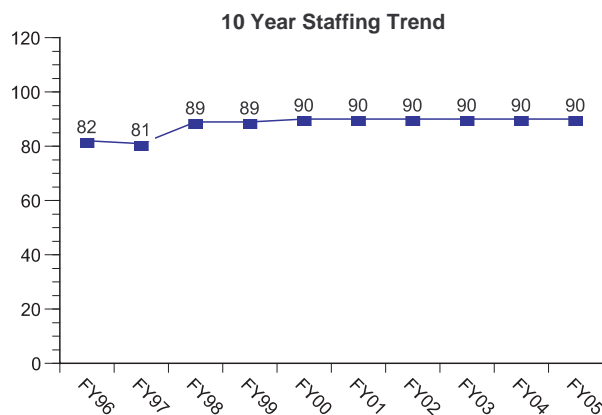
- In 2003, RDMD hired a consultant to perform a management and financial review of the Transportation Fleet Management division. The purpose of the study was to identify practical ways to reduce costs and improve operations. As recommended in the final report, a standing committee consisting of high level representatives from Transportation's major customer departments was established. The committee offers a forum for customers to discuss issues, and provide advice

and input on policy and operational changes designed to enhance efficiency and improve service accountability. The Committee is chaired by RDMD management and senior Transportation Fleet management attend meetings to ensure that committee input and feedback are addressed.

**TRANSPORTATION ISF** - Transportation ISF repairs and maintains County vehicles, operates pool vehicle fleet, operates body & paint shop, repairs motorized equipment, purchases new and replacement vehicles, and purchases automotive parts, supplies and contracted services.

While the TISF received 12 warehouse positions in 1997, there was also a reduction of 4 mechanic staff, which resulted in a net increase of 8 positions that year.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- TISF staffing for FY 2004-05 remains constant at 90 positions. It is worth noting that for the years 1992 through 1997, the TISF position count does not include 12 warehouse support positions assigned to the TISF, which were formally added to TISF's staff in 1997.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Not applicable.

### Changes Included in the Base Budget:

In FY 2001-02, with the implementation of GASB 34, contribution From Other Funds Account balance was split between Net Assets-Unrestricted and Net Assets-Invested in Capital. Adjustment will be made each year to balance the Net Asset-Invested in Capital to net book value of fixed assets.

In FY04/05, the TISF budgeted \$495,207 transfer to Net Assets-Invested in Capital Asset (A/C 9780) based on budgeted changes in net assets and to balance the budget.

## Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
<b>Purchase 1 Full-Size 4-Door Sedan for Sheriff (FY 04-05)</b> <b>Amount: \$ 27,000</b>	Purchase a full size 4 door sedan for the Sheriff's Department operations in the City of Dana Point.	The vehicle and it's funding is included in the Sheriff's agreement with the City of Dana Point.	296-627

## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	90	90	90	0	0.00
Total Revenues	22,520,951	24,177,204	21,290,163	24,611,671	3,321,508	15.60
Total Requirements	17,021,850	22,414,675	16,959,890	24,611,671	7,651,781	45.12
Net County Cost	5,499,101	1,762,529	4,330,273	0	(4,330,273)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Transportation Internal Service Fund in the Appendix on page 624.

## Highlights of Key Trends:

- TISF baseline budget request for FY 2004-05 includes \$24,694,915 total appropriations, which is \$973,539 more than FY 2003-04. The increase is due to Salary & Employee Benefits \$372,728, increase in Services & Supplies \$638,250 due to increase in fuel expense & professional contract services, increase in building improvements \$347,050 for the Civic Center Garage

Expansion, Mandated Stormwater Pollution Prevention's, Shop Extension on Fruit Street. Depreciation & loss/Gain on disposition of Assets appropriations increase of \$140,000 is in line with prior year actuals. Decrease in appropriations for fixed Assets and Tax Assessments of 311,422. Reserve/Retained earning decrease changes of 323,311 and FBA adjustment increase of 110,244.

## 297 - REPROGRAPHICS INTERNAL SERVICE FUND

### Operational Summary

#### Description:

Support County agencies and operations by providing printing and publishing services.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	3,721,936
Total Final FY 2004-2005 Budget:	5,271,530
Percent of County General Fund:	N/A
Total Employees:	27.00

#### Strategic Goals:

- Provide essential services within existing resources. Improve customer service through utilization of new technology, better training, effective project management and incorporation of best practices.

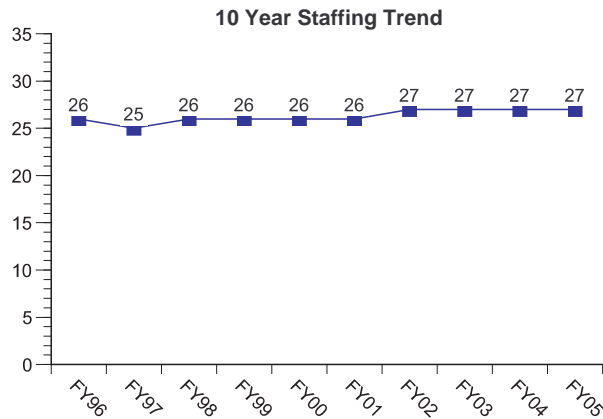
#### Key Outcome Indicators:

Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
<b>CUSTOMER SATISFACTION FOR REPRODUCTION SERVICES.</b> <b>What:</b> Services for design & layout, printing, photocopying & bindery. <b>Why:</b> Meet the printing requirements of our customers in an efficient cost-effective, and timely manner.	Completed and delivered 100% of the jobs on time.	Complete and deliver 97% of printing requests on time.	On target, completing and meeting printing deadlines requested by our customers.
<b>EFFICIENCY OF PUBLISHING SERVICES TO COUNTY AGENCIES AND OPERATIONS.</b> <b>What:</b> Jobs complete and deliver on time for publishing services. <b>Why:</b> Meet the printing requirements of our customers in an efficient cost-effective, and timely manner	Completed and delivered 100% of the jobs on time.	Complete and deliver 97% of printing requests on time.	On target, completing and meeting printing deadlines requested by our customers.

#### FY 2003-2004 Key Project Accomplishments:

- Purchase a high-volume folder/book binder/tab maker.
- Upgrade the job entry/tracking system.
- Relocate equipment to improve production flow.
- Install warehouse security alarm system.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Staffing has remained stable over the prior 10 years, currently at 27 positions.

### Budget Summary

### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	27	27	27	0	0.00
Total Revenues	4,608,281	5,328,808	4,521,972	5,281,530	759,558	16.80
Total Requirements	3,909,992	4,705,825	3,762,945	5,281,530	1,518,585	40.36
Net County Cost	698,289	622,983	759,027	0	(759,027)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Reprographics Internal Service Fund in the Appendix on page 628.

## 298 - SELF-INSURED BENEFITS INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Self-Insured Benefits Internal Service Fund (ISF) provides for salary continuance, dental benefits, and administration of the Health Care and Dependent Care Reimbursement Accounts.

#### Strategic Goals:

- Fund 298 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

#### FY 2003-2004 Key Project Accomplishments:

- The Budgeted Operating Transfer into Fund 298 from Miscellaneous General Funds in the amount of \$98,093 for FY 03-04 will not be needed resulting in General Fund savings. This amount represents the cost of administration of the Employee Health Care Reimbursement Account, implemented on January 1, 2002 and has now been included in the cost of the County of Orange Benefits Center in Fund 100; Agency 056.

**SELF-INSUR SALARY CONTINUANCE** - The Self-Insured Benefits Internal Service Fund (ISF) provides for salary continuance, dental benefits, and administration of the Health Care and Dependent Care Reimbursement Accounts.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	2,369,481
Total Final FY 2004-2005 Budget:	6,999,854
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

The Operating Transfer into Fund 298 from Miscellaneous General Funds in the amount of \$98,093 is being eliminated starting FY 04-05 resulting in \$98,093 in General Fund savings. This amount represents the cost of administration of the Employee Health Care Reimbursement Account, implemented on January 1, 2002 and is included in the cost of the County of Orange Benefits Center in Fund 100 - Agency 056.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.



## Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	6,806,315	6,962,905	7,186,467	6,999,854	(186,613)	-2.60
Total Requirements	2,627,743	7,219,023	2,369,481	6,999,854	4,630,373	195.42
Net County Cost	4,178,573	(256,118)	4,816,986	0	(4,816,986)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Self-Insured Benefits Internal Service Fund in the Appendix on page 631.

## Highlights of Key Trends:

- The Operating Transfer into Fund 298 from Miscellaneous General Funds in the amount of \$98,093 is being eliminated starting FY 04-05 resulting in \$98,093 in General Fund savings. This amount represents the cost

of administration of the Employee Health Care Reimbursement Account, implemented on January 1, 2002 and is included in the cost of the County of Orange Benefits Center in Fund 100 - Agency 056.



